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All Region Mgrs. (last 5 names)

TO: Rich Kane Bill Roth
Mark Young Peter Schmidt
Jay Loftin Larry Poole
Jim Piscitelli Don Fitzgerald

Subject: 1997 PDI USAGE

As you are all well aware, the Cigarette Industry continues to face FDA regulatory issues in which we cannot reasonably predict the effects of the final outcome. Based on the recent court ruling, as it pertains to the Summary Judgment, the manner in which we currently conduct business remains unchanged as we await the pending process of appeal.

With this in mind, it is important to emphasize the usage of 1997 PDI items, both Wave 1 and Wave 2 (when available), in an expedient manner for the following reasons:

- 1) RJR already owns these materials.
- 2) Pending any future decision, it is important that we realize all retail life possible from our 1997 PDI materials.
- 3) If such decisions should be made in the future that would require RJR to destroy our current PDI items, we would rather gain whatever consumer exposure (even if minimal) we can, versus liquidating finished inventories from our warehouses to the landfill.
- 4) The only exception to the above is store awnings which should continue to be targeted on a limited basis.

If this topic has not been addressed to date in your respective ~~management~~ meetings, I strongly recommend that it be given high priority due to the time sensitivity of this issue.

Dave

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C: Bryan Stockdale

Bill

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